

Hearing Date: October 16, 2008 at 10 a.m.
Objections Deadline: September 25, 2008

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:) Chapter 11 Case
)
LEHMAN BROTHERS HOLDINGS, INC., et al.) Case No. 08-13555 (JMP)
)
) Jointly Administered
Debtors.)
) Relates to Document Nos. 59, 89, 737
)
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REQUEST OF FEDERAL HOME LOAN BANK OF PITTSBURGH
FOR LEAVE TO FILE LIMITED OBJECTION OUT OF TIME
RE: DEBTOR'S DIP FINANCING MOTION

TO: THE HONORABLE JAMES M. PECK
UNITED STATES BANKRUPTCY JUDGE

The Federal Home Loan Bank of Pittsburgh ("FHLB") files this Request for Allowance to File a Limited Objection Out of Time to Debtor's Motion for Order: (i) Authorizing Debtor to Obtain Postpetition Financing Pursuant to Sections 363 and 364 of Bankruptcy Code, (ii) Granting Liens and Superpriority Claims to Postpetition Lenders pursuant to Section 364 of Bankruptcy Code, and (iii) Scheduling Final Hearing (the "DIP Motion"), and in support thereof states as follows:

1. On September 15, 2008, Lehman Brothers Holdings Inc. (“LBHI”), Lehman Brothers, Inc. (“LBI”), and LB 745 LLC (“LB 745”), filed Chapter 11 petitions in this Court, which are being jointly administered at Bankruptcy No. 08-13555 (JMP). The Debtor is authorized to continue to operate its businesses and manage its properties as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On Friday evening, October 3, 2008, Lehman Brothers Special Financing, Inc. (“LBSF”) filed a chapter 11 Petition at Bankruptcy Case No. 08-13888.

3. On September 17, 2008, the Court entered an Interim Order with respect to the DIP Motion. (“Interim Order (I) Authorizing the Debtor to Obtain Postpetition Financing, (II) Granting Liens and Superpriority Claims to Postpetition Lenders and (III) Scheduling a Final Hearing to be Held on 10/2/2008 at 3:00 PM. (the “Interim DIP Order”).

4. The Final Hearing was adjourned to October 16, 2008 at 10:00 AM., pursuant to a Notice of Adjournment filed September 29, 2008.

5. The objection deadline was September 25, 2008.

6. The Interim DIP Order did not provide notice to the FHLB that was reasonably calculated to put the FHLB on notice that the FHLB's ownership rights and interests in certain collateral were possibly being affected, since there was no notice or reasonable disclosure to the FHLB that DIP Orders could possibly include the FHLB Posted Collateral (as defined below). Moreover, FHLB was not privy to the Interim DIP Order or the DIP Credit Facility and had no reason to know of a possible impact on FHLB Posted Collateral by virtue of the proposed DIP Order.

7. LBSF was in possession of cash belonging to FHLB (the “FHLB Posted Collateral” and the FHLB Collateral Balance as more particularly set forth in the Objection

attached hereto). The FHLB Posted Collateral and FHLB Collateral Balance was required to be maintained in a segregated account and, simply put on October 2, 2008, FHLB demanded return of the FHLB Collateral Balance as more particularly described on the FHLB Objection attached hereto.

8. After the September 25, 2008 DIP objection deadline, certain allegations as to transfers of monies by LBSF came to the attention of FHLB, including allegations that LBSF may have transferred cash maintained in custodial accounts to LBHI immediately prior to or contemporaneously with LBHI's bankruptcy filing and in the evening on October 3, 2008, Debtors filed a Motion to Continue Using Existing Centralized Cash Management System wherein LBHI admitted that "excess cash" from LBSF Transactions had been transferred to *inter alia* the main operating account of LBHI).

9. FHLB is acting in good faith in filing this request as not to delay the final hearing scheduled for October 16, 2008.

10. The relief sought by FHLB is limited to ensure that no liens, claims or interests are granted in the FHLB Collateral Balance or proceeds thereof, since the FHLB Collateral Balance and proceeds thereof do not belong to LBHI, or any of the Debtors.

11. The Debtors are not prejudiced by allowing FHLB to file its Objection because three other objections are pending and a Final DIP Order has not been entered.

12. Accordingly, FHLB requests that this Court authorize as timely filed FHLB's Limited Objection, a copy of which is attached hereto as Exhibit "A", (the "FHLB Limited Objection") and which Limited Objection has been filed contemporaneously with this Request.

WHEREFORE, for the reasons articulated above, the Federal Home Loan Bank of Pittsburgh respectfully requests that this Court grant this Request and deem that the FHLB Limited Objection has been timely filed.

.Dated: October 7, 2008

Respectfully submitted,

TUCKER ARENSBERG, P.C.

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